

April 2015

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ANNOUNCEMENTS

There are no announcements for the April 2015 Information Bulletin.

MONTHLY INFORMATION

Pricing for Gas and Gas Products

For pricing on gas, gas products, and transportation information for February 2014, please refer to the Information Letter.

The monthly default sulphur price for **February 2015** is **\$135.28**.

Below are the annual sulphur default prices:

2010	2011	2012	2013
\$44.69	\$116.36	\$98.02	\$53.60

Annual Sulphur Default Price calculation is not processed in this billing period.

February 2015 Royalty Due May 31, 2015

Royalty clients are to remit the total amount payable shown on the May 2015 Statement of Account by May 31, 2015. If the amount payable includes accrued current period interest, the interest has only been accrued to the statement issue date. Clients must also include the additional interest that has accrued from the statement issue date to the date of payment, using the per diem amount provided. Current period interest will not be charged on current invoice charges for the production month of February if it is paid in full by May 31, 2015.

The May 2015 Statement of Account shows your amount payable as of the Statement issue date. It includes any outstanding balances from your previous statement, your February 2015 invoice amount and any applicable current period interest charges. It also identifies refunds resulting from overpayments.

Note: If the due date falls on a non-business day, the next business day will apply as the due date except for the month of March due to the Government of Alberta's fiscal year end. In this situation, the due date will apply previous to the non-business day as the due date.

Cheques are made payable to the Government of Alberta.

March 2015 VA4 due May 15, 2015

The VA4 forms for the production month of March 2015 are due in the department offices by May 15, 2015.

Note: If the due date falls on a non-business day, the next business day will apply as the due date for VA4 forms.

Petrinex Deadline Submissions

The Petrinex deadline for SAF, OAF, and Volumetric submissions are posted on the Petrinex website "[Reporting Calendars](#)" under Calendars. ***Changes to this calendar will be posted on the Petrinex website home page in "Broadcast Messages."***

Interest Rate April 2015

Alberta Energy's interest rate for April is 3.85%.

January Provisional Assessment Charge

The summary of Provisional Assessment Charges for all production periods in the January 2015 billing period was:

First Time Provisional Assessment	Reversals of Provisional Assessments (Net)	Net Provisional Assessment
\$2,407,208.35	(\$1,067,473.09)	\$1,339,735.26

January Penalty Charges

The penalty table below shows at the form level, the total penalty charges and reversals, for the January 2015 billing period.

Forms	Penalty Charges	Penalty Reversals	Net Penalty Charges for 2015/01
AC2	\$30,600	(\$87,700)	(\$57,100)
AC4	\$0	\$0	\$0
AC5	\$0	\$0	\$0
NGL1	\$0	\$0	\$0
VA2	\$0	\$0	\$0
VA3	\$0	\$0	\$0
VA4	\$0	\$0	\$0
Total	\$30,600	(\$87,700)	(\$57,100)

Production Allocation Discrepancy (PAD) Potential Royalty Impact

As of the January 2015 billing period, the potential royalty dollar impact is estimated as \$4.9 million, distributed as follows by production year:

2014	2015
\$4.4 million	\$0.5 million

Note: These values are not intended to show that Crown royalty has been understated but do illustrate the consequences of incorrect reporting.

Well Event Measured Depth Determination Letter

The department has issued a "Well Event Measured Depth Determination Letter" under the Report Package DOE – Gas to facility operators via Petrinex on April 1, 2015. This letter shows the confirmed Measured Depth (MD) of each active well event that will be used to calculate the Depth Factor (DF) of the quantity component rate under the Alberta Royalty Framework formula. A well event that is not listed on the letter and does not have a confirmed MD will receive a DF of 1. When the changes to the MD are confirmed by the department, a letter is issued to a facility operator who reports changes through Petrinex to well event attributes affecting MD. All changes to the MD are applied on a go forward basis only. Facility operators are advised to submit well event attribute changes by the last day of the calendar month in order for timely determination of MD.

NGDDP Confidential Wells

Wells designated as "confidential" will be reviewed prior to the removal of the "confidential" status, if the directional surveys and completion reports are provided to the department. Send directional surveys and completion reports to GasRoyaltyPrograms@gov.ab.ca

If you have any questions, please contact Lily Hiew in Gas Royalty Features at 780.427.1550.

INFRASTRUCTURE DATA

Business Associate ID Listing

The BA Identifiers Report is a directory of Business Associate (BA) names, codes, status (e.g. struck, active, amalgamated, etc.), status effective dates, and effective August 2004, and includes Working Interest Owner (WIO) role start/end dates.

This report is also published daily on the Petrinex website.

The Department reminds Business Associates to review their WIO role to ensure that the start and end dates are reflected correctly. If the BA does not have an active WIO role, the operators cannot allocate volumes to the BA for the relevant production periods through the SAF/OAF allocations.

- If a BA has a WIO role, then that BA can receive SAF/OAF allocations from the WIO role start date forward.
- If a BA has a WIO role with an end date, then they can only receive SAF/OAF allocations from the WIO role start date until the end date. Any SAF/OAF allocations after the end date will be rejected.
- If a BA does not have a WIO role start date, then that BA cannot receive SAF/OAF allocations.

Please contact Client Registry/Crown Land Data at 780.422.1395 or CrownLandDataSupport@gov.ab.ca if you have any questions regarding the information supplied in this article.

Client Status Changes

Clients must ensure that all royalty documents are completed using only valid client names and IDs. It is critical that royalty clients use current legal client names and their appropriate IDs on all documents to ensure accurate royalty calculation and to prevent provisional assessment and penalties. Rejects will occur when invalid IDs are used.

If you require information regarding client status changes, names, or IDs, please contact Client Registry/Crown Land Data at 780.422.1395 or CrownLandDataSupport@gov.ab.ca.

Nova Tolls - Multiple Gas Reference Prices

Royalty information related to the implementation of the Factor Model negotiated with industry for determining Multiple Gas Valuation Prices is provided on the Natural Gas website's Royalty Related Information page under Facility Royalty Trigger Factors and Meter Station Ties.

REMINDERS

New and Revised Meter Station Factors

The department has published in Information Letter 2015-09, new and revised Meter Station Factors. Meter Station Factors for new meter stations are identified in **Attachment 5** and are effective for the production periods January to December 2014. Meter Station Factors identified in **Attachment 4** are effective the January 2015 production period and subsequent production periods until otherwise changed.

If you have any questions, please contact Terry Rayne, Director, Pricing and Analysis at 403.297.5467 or e-mail at terry.rayne@gov.ab.ca

Reporting of Royalty Paid Volumes

A review of the reporting business rules that deal with royalty paid volumes is being conducted. The approval process and reporting edits are being reviewed for all usage types. Notification of amendments to the business rules will be announced as they are finalized.

Purpose

WG99999 is a stream used for reporting royalty paid gas and/or gas products that are re-entering the royalty network. When these volumes are triggered for royalty, the approved allocations to WG 99999 will be assessed using 0% Crown interest. Unapproved volumes assigned to the WG 99999 stream ID will be assessed using the default crown interest and default royalty rates.

A royalty client must have their reporting scenario approved for WG99999 usage by Gas Royalty Operations (GRO) before they can use the WG99999 stream. When submitting an application, GRO may require the following supporting documentation in addition to the application

- Reporting schematic
- Invoice of purchased products
- Completion report
- Flowback report
- Gas and/or product analysis

Business rules pertaining to fracking-type applications

1. Approved applications will be effective the first day of the production month in which the application was received. For example, an application received by the department on September 28, 2014 will have the effective date set at production month July 1, 2014.
2. The reported facility on an application should be at a battery level, exceptions will be reviewed on a case by case basis.
3. Subject to appeal, shrinkage will be calculated on each application at the GRO default shrinkage rate of 13.8%. Should the client appeal this shrinkage amount, the client will be required to provide their shrinkage calculation with supporting documentation for further review.

The GRO default shrinkage rate to be used for fracking type applications will be determined by calculating the monthly provincial well production and monthly allocated gas equivalent volumes (excluding ABWG99999 allocations) then calculate the average shrinkage over a 12 month period. The default shrinkage rate will be reviewed on an annual basis.

Effective 2014/12 production period, we will use the average of production years 2013 and 2012, which is 13.8%.

4. Approved applications will be given 12 months to recover product used for fracking. At the end of the 12 months, a client may appeal the termination and request an extension to their application. The client must request the extension in writing, providing a proposed extension time frame with backup supporting the new timeframe.
5. WG99999 will be approved for only royalty paid products and must be identified in the supporting documentation. Applications will not be approved for invoices identifying product by 'trade name'. A component breakdown must be provided identifying the hydrocarbon product portion which is eligible for WG99999 usage.
6. Gas Equivalent Volumes (GEV) for recovery of product will no longer be permitted. Applications will be approved for the gas and gas products that are royalty paid and recorded on the application and supporting documentation. That is, if C5-SP is the royalty paid product on the application, C5-SP will be the only product approved WG99999 – no GEV will be allowed.

Amendments to applications

1. Amendments to applications may be accepted should additional fracking be performed at existing WG99999 approved reporting scenarios.
2. An application will be considered an amendment if the gas flow changes for an existing WG99999 approved reporting scenario.

Please contact Volumetric & Cost Reporting at 780.422.8727 or VCR@gov.ab.ca if you have any questions regarding the information supplied in this article.

Alberta Energy – Form Submission Format Request

The submissions of any forms should be received in a format that is readable and clear. We are requesting that the font size be at least 11 pt. in order to be able to accurately process forms that have multiple lines of data. If the form needs to be expanded to the next page to allow sufficient room for the size and amount of text then please do so.

If you have any questions please contact Management Information at ManagementInformation.Energy@gov.ab.ca.

Monthly Sulphur Corporate Average Price Calculation – VA4 Form

The Department requires royalty clients with an annual sulphur production of 30,000 tonnes or greater in the 2014 production year to file VA4 forms monthly, beginning with the January 2015 production month. The VA4 form is due on or before the 15th day of the second month following the respective production month. A royalty client whose annual sulphur production is less than 30,000 tonnes may choose to file the VA4 forms monthly beginning with January's production month; however, if this choice is made, the client must file VA4 forms for the entire year. The Department will use the VA4 forms to determine each client's monthly Sulphur Corporate Average Price (S-CAP) and the monthly sulphur default price. We calculate each month's sulphur default price as the weighted average unit value of all arm's length sales for all clients who filed VA4 forms for that month. The Department will value and invoice the Crown royalty share of sulphur production monthly using the respective S-CAP price for clients who file VA4 forms, and the sulphur default price for clients who chose not to file VA4 forms. The VA4 form is subject to \$100 in late filing penalties for each month or part of the month the form is past due. The VA4 form for the production month of January 2015 is due in the department by March 15, 2015.

Royalty clients who file monthly VA4 forms must file annual VA3 forms. The VA3 form remains the primary sulphur valuation tool and the S-CAP determined from each VA3 will replace the entire year's monthly prices determined from the VA4 forms. The VA3 is due on or before April 15th of the year following the year of production. Interest is charged/paid on the Crown royalty difference when adjusting from monthly to annual valuation. The VA3 form is subject to a one-time \$1,000 late filing penalty.

The following royalty clients must submit VA4 forms effective with the 2015 production year, which includes any pricing information for each of its consolidated/amalgamated entities:

Client ID	Client Name	Client ID	Client Name
0017	IMPERIAL OIL RESOURCES	0Z0H	HARVEST OPERATIONS CORP.
0026	ENCANA CORPORATION	A2F0	SHELL CANADA ENERGY
0CW8	MFC ENERGY CORPORATION	A2TG	TAQA NORTH LTD.
0HE9	CANADIAN NATURAL RESOURCES LIMITED	A5R5	PENGROWTH ENERGY CORPORATION
0JL8	APACHE CANADA LTD.	A68P	CQ ENERGY CANADA RESOURCES PARTNERSHIP
0R46	HUSKY OIL OPERATIONS LIMITED	A6GD	SINOPEC DAYLIGHT ENERGY LTD.

BUSINESS CONTACTS

Quick Reference

Group	Email
Petrinex Service Desk	Petrinexsupport@Petrinex.ca
Client Registry / Crown Land Data	CrownLandDataSupport@gov.ab.ca
Volumetric & Cost Reporting	VCR@gov.ab.ca
Management Information	ManagementInformation.Energy@gov.ab.ca
Gas Royalty Accounting	GasRoyaltyAccounts.Energy@gov.ab.ca
Gas Royalty Features	GasRoyaltyPrograms@gov.ab.ca

Petrinex Service Desk

The focal point for communications regarding preparations for, access to, or utilization of Petrinex is the Petrinex Service Desk, or Petrinex Support.

Phone: 403.297.6111 or 1.800.992.1144

Fax: 403.297.3665

Email: Petrinexsupport@Petrinex.ca

Website: www.Petrinex.ca

Volumetric & Cost Reporting

Volumetric & Cost Reporting (V&CR) is the Front Line of contact for inquiries relating to volumetric and cost reporting as well as gas royalty calculation processes. V&CR is made up of four teams as shown below:

Team	Team Lead
Volumetrics	Nicole Le Blanc
Costs	Sheruna Naidoo
Process Support	Penny White
Special Projects	Oana Jurgea

Gas Royalty Voicemail: 780.422.8727

Fax: 780-427-3334 or 780.422.8732

Alberta Toll Free: 780.310.0000

Gas Royalty Email: VCR@gov.ab.ca

Hours of operation are 8:15 a.m. to 4:30 p.m. Voice messages left after 4:30 p.m. will be answered the next business day.

Management Information

All inquiries or requests that relate to royalty information (e.g. Information Letter, Information Bulletin and other Department of Energy's Natural Gas website publications) and questions related to Commercial Storage and Farm Gas should be forwarded to the Management Information Team at ManagementInformation.Energy@gov.ab.ca.

Gas Royalty Accounting

All inquiries or requests that relate to royalty accounting (e.g. Transfers, Refunds, Interest, Statement of Account, Collections and Royalty Deposits) should be forwarded to the Royalty Accounting Team at GasRoyaltyAccounts.Energy@gov.ab.ca.

Gas Royalty Features

All inquiries or requests that relate to royalty programs (e.g. Natural Gas Deep Drilling Program, New Well Royalty Rates and Otherwise Flared Solution Gas Royalty Waiver Program) should be forwarded to the Royalty Features team at GasRoyaltyPrograms@gov.ab.ca.

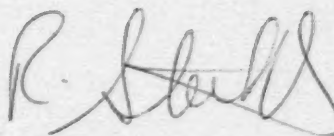
Reference Prices and Valuation Allowances Calculation Information

For information related to reference prices, price valuation, and allowances calculation, contact the Pricing & Analysis Team located at the Alberta Energy office in Calgary:

Pricing & Analysis
300, 801 – 6 Avenue SW
Calgary, Alberta T2P 3W2
Telephone: 403.297.5514
Fax: 403.297.5400
Email: GasValuation.Energy@gov.ab.ca

Alberta Energy Internet Webpage

Prices, Royalty Rates and Transportation Information are available on the Alberta Energy Internet webpage: www.energy.alberta.ca. From "Our Business", navigate to "Natural Gas", "About Natural Gas", "Prices", and "Alberta Natural Gas Reference Price (ARP)". In addition, both the Gas Royalty Information Bulletins and Information Letters are also available under "Our Business", navigate to "Natural Gas", "Legislation, Guidelines & Policies".



Richard Stokl
Director, Gas Royalty Operations
Royalty Operation